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tude that the author describes with frankness certain conditions associated with the family, such as prostitution and social diseases, whose treatment has heretofore marked a book as unfit for general circulation and even for college students. Indeed, the chapter dealing with the evidences of maladjustment of the modern family to social conditions, causes of disharmony within the family, the problem of the marriage rate, and the problem of the birth-rate, might well be read and studied together by every young couple intending to enter upon marriage and to establish a family. Neither in this chapter nor in the concluding one, a most valuable one on current theories of reform, does the writer permit herself to thrust forward her personal views, but keeps, to an extraordinary degree, the historical and judicial attitude. Here and there a sentence, and at the close of the book an admirable paragraph, disclose the author's independent opinions, and they are so fine and sane that the reader regrets that the apparent exigencies of textbook construction do not permit of greater fulness in this respect.

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Railway Monopoly and Rate Regulation. By ROBERT JAMES MCFALL.
(Columbia University Studies, LXIX, No. 1.) New York: Longmans, Green, & Co., 1916. 8vo, pp. 223. \$2.00.

The author undertakes a study of the theory involved in what railway commissioners understand as the cost-of-service principle in rate regulation. He states that the object of governmental regulation is to reduce railway rates to the level of cost; because, since a railway enterprise is a monopoly, competition may not be relied upon to force rates to this cost-of-service level.

The book consists of four chapters: In chap. i, on "Regulation of Whole-Rate Systems" the conclusion is reached that the ability of the railways to provide the service is what is to be worked out by the theory of cost, and that this theory of cost to the railways has been worked out through an attempt to allow a fair return to the railways upon a fair valuation of the property. Accordingly, chap. ii is devoted to a discussion of "Valuation as a Criterion of Railway Ability." Here is a discussion of the problem of railway valuation. Various bases of valuation are suggested, methods defined, and theories compared. It is decided that fairness, expediency, and convenience would seem to argue for the adoption of the principle of present value as the standard for the investments of the past, and for the principle of actual investment in addition to such a valuation as the standard for the future. This makes necessary the consideration of the question of "The Fair Return," which is the theme of the third chapter. After a valuation of property on the

basis of cost-of-reproduction less depreciation, the system which operates at least advantage, while still socially necessary and managed with reasonable care, should be selected, and the "fair return" would be what is necessary to warrant investment in needed betterments and extensions of the system. Chap. iv is given to a discussion of "Regulation of Particular Rates." In the conclusion the hope is expressed that we may keep railway rates down as far as the ability of the roads to supply the service will allow, but it is conceded that it may be necessary for the rates to be raised from time to time.

Auditing Theory and Practice. By ROBERT H. MONTGOMERY. 2d ed. New York: Ronald Press Co., 1916. 8vo, pp. xxvi+889. \$5.00.

The most important feature of the second edition of *Auditing Theory and Practice* which distinguishes it from the edition of 1912 is the appendix of about one hundred pages dealing with the federal income tax. In this appendix the detailed provisions of the law and of the subsequent rulings of the Department of the Treasury are discussed authoritatively, and, for both individuals and corporation, the obligations, proper procedure, and allowable deductions in filing returns under the law are clearly set forth.

This appendix supersedes the chapter on "The Federal Tax on Corporations" which appeared in the first edition. The chapters on "The Auditor's Qualifications," "The Auditor's Duties," and "Ethical Duties and Legislation," and the collection of C.P.A. examination questions are also omitted. The chapter on "Liabilities of Auditors" of the first edition is summarized in the second edition in a few paragraphs upon the legal responsibility of auditors. The C.P.A. questions are now readily available to everyone; and from the omission of the other chapters mentioned the book gains in compactness and unity more than it loses from the elimination of this material, which was of such a general character as to be of little practical aid to the auditor present or prospective.

A few unimportant changes in the order of chapters and sections and a few minor additions, including the fuller treatment of systems of internal check preparation of charts, and statements required by banks, and the insertion in the chapters on balance-sheet audits of brief discussions on partnerships and acceptances, have also been made.

Because of its clear exposition and its admirable blending of the presentation of advanced auditing theory and practical suggestions, this book continues to occupy in America the highest place among general treatises upon the subject of auditing.

Capital To-Day. By HERMAN CAHN. New York: Putnam, 1915. 8vo, pp. x+313. \$1.50.

The author here presents an analysis of the development of the various forms of modern capital, giving special attention to the situation in the United